



**TESTIMONY OF
MIDDLESEX HOSPITAL
SUBMITTED TO THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
Tuesday, February 18, 2014**

**SB 61, An Act Concerning Workers' Compensation and Liability
For Hospital Services**

Middlesex Hospital appreciates the opportunity to submit testimony concerning **SB 61, An Act Concerning Workers' Compensation and Liability for Hospital Services**. Middlesex Hospital opposes the bill as written.

Middlesex Hospital is committed to improving patient care and ensuring that every person receives safe, excellent care. At Middlesex, we are constantly working to identify opportunities for improving the quality and safety of the care we provide as well as to make the experience of the patient and their family the best possible. We treat patients regardless of their ability to pay and strive to have third party payment arrangements in place along with a Liberal Charity Care program to relieve patient stress on how the Hospital is to be compensated for services rendered.

SB 61 as proposed would make three significant changes to workers' compensation and liability for hospital services. First, for hospital services rendered prior to July 1, 2016, it would make a change from what is currently required under Connecticut General Statutes Section 19a-166 (i.e., rates and fees negotiated between the payer and the hospital to a set of costs determined by the Commissioner) to an amount equal to the operating expense plus an amount for uncompensated care. Second, it would limit the time to identify disputes to one year from the date of payment to a hospital or one year from when the employer notifies the hospital of a dispute. Third, it requires the chairman of the Workers' Compensation Commission to establish a fee schedule for hospital services.

SB 61 should be rejected for several reasons.

First, if passed, SB 61 would interfere with the orderly resolution of disputes currently pending before the Connecticut Supreme Court. At issue in the pending disputes is the refusal of a small number of workers' compensation insurers to negotiate rates and methods of reimbursement with hospitals as required by Connecticut General Statutes Section 19a-166; this minority of insurers prefer a system by which they decide, claim by claim, what they are going to pay, and hospitals are left to appeal, claim by claim, if they don't agree. We judge it inappropriate for the legislature to actively pass legislation that could have an effect on the Supreme Court's deliberations. The issue should be adjudicated as it currently stands.

Second, the amount proposed as payment for hospital services prior to adoption of a fee schedule is wholly inadequate. Operating expense plus the cost of uncompensated care would not provide enough to cover all incurred costs -- it would exclude: the annual \$235 million hospital tax, which adds seven percent to the cost of employer-sponsored private and workers' compensation insurance; the annual \$710 million Medicaid payment shortfall, which adds another 20 percent to the cost of employer-sponsored health insurance and workers' compensation; and the annual \$364 million Medicare shortfall, which adds another 10 percent to the cost of employer-sponsored health insurance and workers' compensation. Any change to the current situation has to recognize the need for a hospital to be compensated sufficiently to cover all of these costs.

Hospitals in Connecticut each is unique in its commitment to technology and approach to treatment of injuries and ought have the flexibility to continue to negotiate with workers' compensation insurers taking into account its unique treatment plans and outcomes from those treatment plans as they do with other commercial health coverage payers to ensure that reimbursement is appropriately aligned with costs and outcome success rates. Middlesex Hospital currently has payment agreements with many workers' compensation companies and these agreements have worked well for years. We have been willing to negotiate individually with any company willing to negotiate in good faith.

We are ready and willing to work on solutions and look forward to the opportunity to do so.

Thank you for your consideration of our position.

Sincerely,

A handwritten signature in dark ink, appearing to read "Vincent Capece Jr.", with a stylized flourish at the end.

Vincent G. Capece, Jr.
President and CEO